

AMENDED IN ASSEMBLY JUNE 26, 2003

AMENDED IN SENATE APRIL 10, 2003

**SENATE BILL**

**No. 162**

**Introduced by Senator Alarcon**

February 11, 2003

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An act to amend Sections 8869.80 and 8869.84 of the Government Code, relating to state government.

LEGISLATIVE COUNSEL'S DIGEST

SB 162, as amended, Alarcon. Federal tax credits: housing: teachers.

Existing law declares that a substantial public benefit is served by providing federal tax credits or reduced interest rate mortgages to assist teachers, principals, vice principals, and assistant principals who are willing to serve in low performing schools to purchase a home. Existing law authorizes the California Debt Limit Allocation Committee to establish the Extra Credit Teacher Home Purchase Program to provide federal mortgage credit certificates and reduced interest rate loans funded by mortgage revenue bonds to eligible teachers, principals, vice principals, and assistant principals who agree to teach or provide administration in a low performing school.

This bill would authorize the Extra Credit Teacher Home Purchase Program to additionally provide federal mortgage credit certificates and reduced interest rate loans funded by mortgage revenue bonds to ~~eligible~~ *other specified administrators in low performing schools, and classified school employees in a low performing school district*. It would require priority for assistance to be given to eligible teachers, *principals, vice principals, and assistant principals*.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 8869.80 of the Government Code is  
2 amended to read:

3 8869.80. The Legislature hereby finds and declares all of the  
4 following:

5 (a) The Tax Reform Act of 1986 (Public Law 99-514)  
6 establishes a unified volume ceiling on the aggregate amount of  
7 private activity bonds that can be issued in each state. The unified  
8 volume ceiling is the product of seventy-five dollars (\$75)  
9 multiplied by the state population in 1987 and fifty dollars (\$50)  
10 multiplied by the state population in each succeeding calendar  
11 year.

12 (b) The federal act requires each state to allocate its volume  
13 ceiling according to a specified formula unless a different  
14 procedure is established by Governor's proclamation or state  
15 legislation.

16 (c) Therefore, it is necessary to designate a state agency and  
17 create an allocation system to administer the state unified volume  
18 ceiling.

19 (d) A substantial public benefit is served by promoting housing  
20 for lower income families and individuals.

21 (e) A substantial public benefit is served by preserving and  
22 rehabilitating existing governmental assisted housing for lower  
23 income families and individuals.

24 (f) A substantial public benefit is served by providing federal  
25 tax credits or reduced interest rate mortgages to assist teachers,  
26 principals, vice principals, assistant principals, and classified  
27 school employees who are willing to serve in low performing  
28 schools to purchase a home.

29 SEC. 2. Section 8869.84 of the Government Code is amended  
30 to read:

31 8869.84. (a) The committee shall, as soon as is practicable  
32 after the start of each calendar year, determine and announce the  
33 state ceiling for the calendar year.



1 (b) The entire state ceiling for each calendar year is hereby  
2 allocated to the committee to further allocate to state and local  
3 agencies as provided in this chapter.

4 (c) The committee shall prepare application forms and  
5 announce procedures for receipt and review of applications from  
6 state and local agencies desiring to issue private activity bonds.

7 (d) The committee may at any time, before or after granting any  
8 allocations in any calendar year to any state agencies or local  
9 agencies, announce priorities or reservations of any part of the  
10 state ceiling not theretofore allocated either for certain categories  
11 of bonds or categories of issuers.

12 (e) The committee may require any issuer making an  
13 application to the committee or MBTCAC for allocation of a  
14 portion of the state ceiling to make a deposit, as determined by the  
15 committee, of up to 1 percent of the portion requested. If an  
16 allocation is not given, the deposit shall be returned. If an  
17 allocation is given, the deposit shall be kept (in proportion to the  
18 amount of allocation given) until bonds are issued. Upon that  
19 issuance, the deposit shall be returned to the issuer in an amount  
20 equal to the product of (1) the amount of the deposit retained times  
21 (2) the ratio between the amount of bonds issued divided by the  
22 amount of allocation granted. If no bonds are issued prior to the  
23 expiration of the allocation, the deposit shall be kept, unless the  
24 committee determines there is good cause to return all or part of  
25 the deposit. Any portion of a deposit kept shall be deposited in the  
26 fund.

27 (f) The committee may transfer part of the state ceiling to the  
28 MBTCAC, to be used for qualified mortgage bonds and exempt  
29 facility bonds, as those terms are used in the Internal Revenue  
30 Code, for qualified residential rental projects, as those terms are  
31 used in the Internal Revenue Code, (together referred to as  
32 “housing bonds”), with directions and conditions pursuant to  
33 which MBTCAC may allocate those amounts to issuers of housing  
34 bonds at both the state and local level. In carrying out these  
35 functions, MBTCAC shall act solely as directed or authorized by  
36 the committee. If the committee makes the transfer to MBTCAC  
37 authorized by this subdivision, the references in Sections 8869.85,  
38 8869.86, 8869.87, and 8869.88 to the “committee” shall, for  
39 purposes of any housing bonds, be deemed to mean MBTCAC.



1 (g) (1) The committee may establish the Extra Credit Teacher  
2 Home Purchase Program to provide federal mortgage credit  
3 certificates and reduced interest rate loans funded by mortgage  
4 revenue bonds to eligible teachers, principals, vice principals,  
5 ~~assistant principals, and classified school employees who agree to~~  
6 ~~teach or provide administration or service in a low performing~~  
7 ~~school. Priority for assistance shall be given to eligible teachers.~~  
8 ~~For purposes of this program, a low performing school is a state~~  
9 ~~K-12 public school that is ranked in the bottom half of the~~  
10 ~~Academic Performance Index developed pursuant to subdivision~~  
11 ~~(a) of Section 52052. However, priority shall be given to schools~~  
12 ~~that are ranked in the bottom three deciles. The committee may~~  
13 ~~assistant principals, classified employees, and other~~  
14 ~~administrators who agree to teach or provide administration or~~  
15 ~~service in a low performing school; and classified employees who~~  
16 ~~are employed in a low performing school district. Priority for~~  
17 ~~assistance shall be given to eligible teachers, principals, vice~~  
18 ~~principals, and assistant principals.~~

19 (2) For purposes of this program, the following definitions  
20 shall apply:

21 (A) “Low performing school” means a state K-12 public  
22 school that is ranked in the bottom half of the Academic  
23 Performance Index developed pursuant to subdivision (a) of  
24 Section 52052 of the Education Code. However, priority shall be  
25 given to schools that are ranked in the lowest three deciles.

26 (B) “Low performing school district” means a school district  
27 where more than 50 percent of the public schools in the district are  
28 low performing schools.

29 (C) “Classified employee” means an employee of a school  
30 district, employed in a position not requiring certification  
31 qualifications.

32 (3) The committee may make reservations of a portion of future  
33 calendar year state ceiling limits for up to five future calendar  
34 years for that program. The committee may also make future  
35 allocations of the state ceiling for up to five years for any issuer  
36 under that program. Any future allocation made by the committee  
37 shall constitute an allocation of the state ceiling for a future year  
38 specified by the committee and shall be deemed to have been made  
39 on the first day of the future year so ~~specified.~~

~~(2) The specified.~~ The committee may condition allocations under the Extra Credit Teacher Home Purchase Program on any terms and conditions that the committee deems necessary or appropriate, including, but not limited to, the execution of a contract between the teacher, principal, vice principal, assistant principal, or classified ~~school~~ employee and the issuer whereby the teacher, principal, vice principal, assistant principal, or classified ~~school~~ employee agrees to comply with the terms and conditions of the program. The contract may include, among other things, an agreement by the teacher, principal, vice principal, assistant principal, or classified ~~school~~ employee to teach or provide administration or service in a low performing school for a principal, classified employee, or other administrator to teach or provide administration or service in a low performing school, or by the classified employee to work for a low performing school district, for a minimum number of years, and provisions for enforcing the contract that the committee deems necessary or appropriate.

~~(3)~~

(4) If a teacher, principal, vice principal, assistant principal, or classified ~~school~~ employee does not fulfill the requirements of a contract entered into pursuant to paragraph ~~(2)~~ (3), the issuer of the mortgage credit certificate or mortgage revenue bond may recover as an assessment from the teacher, principal, assistant principal, or classified ~~school~~ employee a monetary amount equal to the lesser of (A) one-half of the teacher's, principal's, vice principal's, assistant principal's, or classified ~~school~~ employee's net proceeds from the sale of the related residence or (B) the amount of monetary benefit conferred on the teacher, principal, vice principal, assistant principal, or classified ~~school~~ employee as a result of the federal mortgage credit certificate or reduced interest rate loan funded by a mortgage revenue bond, offset by the amount of any federal recapture, as defined by Section 143(m) of the Internal Revenue Code. The assessment may be secured by a lien against the residence, which shall decline in amount over the term of the contract as the teacher, principal, vice principal, assistant principal, or classified ~~school~~ employee, fulfills the term of the contract, and which shall be collected at the time of sale of the residence. Any assessment collected pursuant to this paragraph shall be used for the issuer's costs in administering the Extra Credit

1 Teacher Home Purchase Program. The issuers shall report  
2 annually to the committee the total amount of any assessments  
3 collected pursuant to this paragraph and how those assessments  
4 were used by the issuer.

5 ~~(4)–~~

6 (5) If the committee establishes the Extra Credit Teacher Home  
7 Purchase Program pursuant to this subdivision, the committee  
8 shall report annually to the Legislature the results of the program,  
9 including all of the following:

10 (A) The amount of state ceiling limits allocated to or reserved  
11 for the program.

12 (B) The agencies to which state ceiling limits were issued.

13 (C) The number of loans or mortgage credit certificates issued  
14 to teachers, principals, vice principals, assistant principals, and  
15 classified-school employees.

16 (D) The schools *or school districts* at which recipients of  
17 assistance are employed, aggregated by decile in which the schools  
18 rank on the Academic Performance Index and by the percentage  
19 of uncredentialed teachers employed at the schools.

20 ~~(5)–~~

21 (6) The committee shall not make any reservations of future  
22 calendar year state ceiling limits or future allocations of the state  
23 ceiling pursuant to this subdivision on or after January 1, 2004,  
24 unless a later enacted statute, that is enacted before January 1,  
25 2004, deletes or extends that date. However, reservations and  
26 allocations made prior to that date shall remain valid.

